

BridgeTex I Pipeline Proration Procedures

(Referenced in Item 150 of Rules and Regulations Tariff Texas No. 1.4.0, supplements thereto and reissues thereof)

Dated: February 1, 2025

1. **Application.** During any month when the aggregate volume of Crude Petroleum (as defined below) properly nominated to be transported exceeds the available capacity of the BridgeTex I Facilities (as defined below), the capacity will be allocated among all shippers under the following pipeline proration procedures (the “**Procedures**”). The pipeline proration procedures governing the allocation of the BridgeTex II Facilities’ operating capacity, referenced in Carrier’s Local Pipeline Tariff Texas No. 4.3.0 do not apply in any way to the BridgeTex I Facilities, and these BridgeTex I Procedures do not apply in any way to the BridgeTex II Facilities.

2. **Definitions.**

“**Affiliate**” means, for purposes of these BridgeTex I Procedures, with respect to any individual, company, entity, organization, joint venture, partnership, or other similar arrangement (any of the foregoing, a “**Person**”), another Person that directly or indirectly controls, is controlled by, or is under common control with such Person. The term “**control**” (including the terms “**controlled by**” or “**under common control with**”) means the possession of the power to direct or cause the direction of the management and policies of a Person, whether through ownership, by contract, or otherwise (including acting as a general partner of a limited partnership).

“**Base Period**” means the eighteen (18)-month period, beginning nineteen (19) months prior to the month being allocated (which excludes the month preceding the month of allocation).

“**Bpd**” means barrels per day.

“**BridgeTex I Facilities**” means, collectively, the pipeline and the associated facilities and improvements, whether owned or leased by Carrier, to transport Crude Petroleum from the Origins to the Destination, with an operating capacity of 300,000 Bpd.

“**BridgeTex II Facilities**” means, collectively, the pipeline and the associated facilities and improvements, whether owned or leased by Carrier, to transport Crude Petroleum from the origins to the destination described in Carrier’s Local Pipeline Tariff Texas No. 5.18.0, with an operating capacity of 140,000 Bpd.

“**Carrier**” means BridgeTex Pipeline Company, LLC.

“**Committed Shipper**” means a shipper that enters into a TSA with Carrier, but such shipper will only remain a Committed Shipper during the term of such TSA.

“**Confirmed Capacity**” has the meaning set forth in Section 5.4.

“**Crude Petroleum**” has the meaning set forth in the Local Tariff.

“**Destination**” has the meaning set forth in the Local Tariff.

“**Historical Shipment Status**” means (a) the average of all Shipments by a shipper during the applicable Base Period or (b) with respect to a Committed Shipper, as determined pursuant to Section 3.

“**Local Tariff**” means Carrier’s Local Pipeline Tariff Texas No. 1.3.0 and Carrier’s Local Tariff Texas No. 2.17.0, including any supplements thereto and reissues thereof.

“**Minimum Nomination Allocation**” means the monthly minimum volume set forth in Item 40 of the Local Tariff containing rules and regulations.

“**New Shipper**” means any shipper that does not qualify as a Regular Shipper.

“**New Shipper Limit**” means ten percent (10%) of the total capacity of the BridgeTex I Facilities (measured on a Bpd basis).

“**Origin**” means the origins set forth in the Local Tariff.

“**Proration Factor**” means, for each Regular Shipper, the amount equal to the quotient of (a) the Regular Shipper’s Historical Shipment Status at the time of allocation; divided by (b) the aggregate total of all Regular Shippers’ Historical Shipment Statuses at the time of allocation.

“**Regular Shipper**” means, subject to the provisions of these Procedures, a shipper that (a) has made a Shipment of Crude Petroleum during at least twelve (12) months of a Base Period, or (b) is a Committed Shipper.

“**Scheduler**” has the meaning set forth in Section 5.2

“**Shipment**” means the transportation of actual volumes of Crude Petroleum through the BridgeTex I Facilities, as measured on an average Bpd basis (averaged over a calendar month).

“**TSA**” means any volume incentive agreement or transportation services agreement fully executed by both Carrier and an individual shipper for transportation service on the BridgeTex I Facilities for a committed volume and term.

3. Determination of Historical Shipment Status for Committed Shippers. The Historical Shipment Status for a Committed Shipper will, for any and every proration month, be equal to the greater of (a) the average of all Shipments (on a Bpd basis and including all Shipments under its non-firm capacity and uncommitted capacity) by such Committed Shipper during the applicable Base Period, and (b) such Committed Shipper’s daily volume commitment under a TSA in effect for such proration month.

4. **Allocation Method.** Capacity will be allocated on a monthly basis as follows:
- 4.1. **Confirmation of Nominations.** If a New Shipper or Regular Shipper is unable to arrange for the delivery of its Crude Petroleum at any nominated individual delivery point within the Destination, then such shipper's nomination will be reduced by the volume that such shipper is unable to arrange for at such delivery point.
 - 4.2. **New Shipper Capacity.** Each New Shipper will be allocated the volume of its monthly nomination (on a Bpd basis). If the total allocation among all New Shippers would exceed the New Shipper Limit, then each New Shipper's allocation will be reduced on a pro rata basis (using nominated volumes) so that the allocations to all New Shippers in the aggregate do not exceed the New Shipper Limit; provided, however, that if such pro rata allocation in a given month results in no New Shipper being allocated the Minimum Nomination Allocation, then Carrier will administer a lottery using a software-generated random number process for the total number of Minimum Nomination Allocations available to New Shippers. A New Shipper may not participate in the lottery process for a given month if it is an Affiliate of a Regular Shipper. Additionally, only one (1) entity among a New Shipper and its Affiliates may participate in the lottery process for a given month. Detailed procedures regarding Carrier's lottery process are outlined in Section 7.
 - 4.3. **Regular Shipper Capacity.** All capacity not allocated to New Shippers will be allocated to Regular Shippers based on each Regular Shipper's Historical Shipment Status. The capacity allocated to each Regular Shipper each month will be equal to the lesser of: (i) its monthly nomination; or (ii) its Proration Factor share of all capacity available to Regular Shippers of the BridgeTex I Facilities for such month.
 - 4.4. **Remaining Capacity.** Any remaining capacity not allocated through the application of Sections 4.1 through 4.3 will be allocated among all shippers having remaining unmet nominations, in proportion to each such shipper's initial capacity allocation resulting from the application of Sections 4.1 through 4.3 (notwithstanding the percentage caps set forth in Section 4.2). If allocation to any shipper pursuant to these Procedures exceeds its remaining nomination, then the excess volume will be allocated among all other remaining nominations (notwithstanding the New Shipper Limit) until the remaining capacity is fully allocated or all of the remaining nominations have been fulfilled.
 - 4.5. **No Integration with other Pipelines.** Neither the pipeline prorationing procedures for the BridgeTex II Facilities nor any prorationing, allocation or similar practices, policies or procedures of any pipeline or facility operator interconnecting with the BridgeTex I Facilities will be construed to form a part of or be integrated herein.
5. **Procedural Schedule.**
- 5.1. Shipper nominations must be submitted via Carrier's Cobalt (or successor) system prior to 5:00 p.m. Central Time, on the 15th day of the month preceding the month for which the nominations apply; provided, however, to accommodate the

administration of the lottery process, New Shipper nominations must be submitted to Carrier prior to 5:00 p.m. Central Time the 13th day of the month preceding the month for which the nominations apply. If the 13th or 15th day of the month falls on a weekend or holiday, then nominations are due on the last day that is not a weekend or holiday before the 13th or 15th day.

- 5.2. Carrier or Carrier's designated scheduler (together, "**Scheduler**") will, within two working days after the 15th day of the month preceding the month for which the nominations apply (or such earlier day pursuant to the last sentence of Section 5.1), reply through Cobalt or by email to the shipper with its allocated capacity based on these Procedures.
- 5.3. Except as provided in Section 7.1.3, each shipper must, within one working day of the reply sent by Scheduler pursuant to Section 5.2, reply through Cobalt or by email of its acceptance of all of the allocated capacity. If a shipper does not notify Scheduler of its acceptance of all of the allocated capacity within such timeframe, all of shipper's allocated capacity will be allocated to the other shippers based on these Procedures.
- 5.4. After completion of the steps in Sections 5.1 through 5.3 above, Scheduler will notify each shipper of its confirmed allocated capacity (the "**Confirmed Capacity**").

6. Shipper Obligation. In addition to a shipper's obligation to pay the applicable transportation charges under the Local Tariff, if a shipper does not tender for shipment its Confirmed Capacity during any month in which Carrier's facilities are prorated, the shipper will be invoiced and will be responsible for payment of an amount equal to the product of (a) the difference of shipper's Confirmed Capacity for such month, less any volumes actually shipped by such shipper during such month; multiplied by (b) the then-current tariff rate applicable to the Confirmed Capacity; provided, however, if such shipper is a party to a TSA with Carrier at that time, charges under this paragraph will be without duplication of amounts due under the TSA and will only apply to the extent they would exceed charges due for such month under the TSA.

7. Lottery for New Shipper Capacity.

- 7.1. Process. Carrier will administer a lottery process in order to allocate capacity to New Shippers pursuant to Section 4.2 as follows:
 - 7.1.1. Carrier will use a random number generating process to randomly assign each New Shipper a number from one to the number representing the total number of New Shippers participating in the lottery (e.g., if there are thirty New Shippers, numbers one through thirty will be assigned).
 - 7.1.2. The New Shipper assigned number one will receive the first Minimum Nomination Allocation. Thereafter, Minimum Nomination Allocations will be assigned to New Shippers sequentially, from lowest assigned number to highest assigned number, until all Minimum Nomination Allocations are allocated.

- 7.1.3. Following the lottery, Scheduler will notify all New Shippers by email or through Cobalt as to whether or not they were allocated capacity in that month (“**First Notice**”). New Shippers who receive a Minimum Nomination Allocation in the lottery must, within approximately 1 business day after the First Notice (exact timing to be outlined in the First Notice), reply by email or via the Cobalt system to Scheduler of its acceptance of the allocated capacity, which acceptance will be irrevocable and binding on the New Shipper in accordance with Section 6 above.
 - 7.2. Rejected Capacity. If a New Shipper who wins capacity in the lottery does not timely notify Scheduler of its acceptance or otherwise rejects such capacity, remaining capacity will be allocated to New Shippers as follows:
 - 7.2.1. Approximately one business day after Carrier sends the First Notice, Scheduler will notify all New Shippers by email or through Cobalt that space remains available (the “**Second Notice**”).
 - 7.2.2. New Shippers seeking capacity (including additional capacity) must send an irrevocable allocation request to Scheduler (an “**Allocation Request**”) by the deadline identified in the Second Notice (approximately one business day after Scheduler sends the Second Notice).
 - 7.2.3. Carrier will award available capacity to New Shippers in the order in which Allocation Requests are received, subject to the capacity limitations in Section 4.2. Allocation Requests that are deemed to be a tie or where receipt timing is in question will be awarded sequentially from the lowest assigned number to the highest assigned number from the original lottery ranking.
 - 7.2.4. Upon Scheduler’s notice to a New Shipper of an accepted Allocation Request, the award of capacity will be binding on the New Shipper in accordance with Section 6.
 - 7.3. Remaining Capacity. Any capacity not allocated pursuant to this Section 7 will be allocated pursuant to Section 5.3.